

All Systems Go for accTOKE and Rewards Logic Update

accTOKE and New Reward Logic Launch Wednesday, Nov 30th

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After a seemingly never-ending series of exhausting events in the world of crypto, the core Tokemechs have been heads down in build mode, and this Wednesday, two important updates to the protocol are heading into production:

- An updated reward logic that will align LD voting APRs with productive liquidity deployments
- accTOKE: a new staking mechanism to allow TOKE holders to earn rewards accrued by Tokemak POA deployments

Updated Reward Logic:

The TOKE reward logic for Token Reactor voting is receiving an important update. While the changes might not be obvious in the UI, the updates to the underlying reward logic are designed to continue making Tokemak a more robust and productive protocol.

Fundamentally, the changes improve incentive alignment between Liquidity Directors and the protocol. This is a significant change that provides better optimization to support greater depth for productive deployments, resulting in increased protocol efficiency.

Key Points of the Logic Updates

- Voting Alignment:

Balancing the demand of the Liquidity Directors (LDs) with what deployments would be most efficient for the system

- Performance:

Optimizing rewards based on the performance of the reactors

- Depth:

More liquidity attracted to higher performing reactors

Performance is assessed on a historical basis (initially set at the trailing 8 Cycles). The calculation for a given Reactor is:

$(\text{Trading Fees} + \text{Rewards} - \text{Realized IL}) * \text{Risk factor [based on historical volatility]}$

Emissions Updates:

The emissions updates will be implemented in coordination with the new reward logic above. Emissions will be decreased gradually over the next 7 Cycles and in concert with the increasing caps on accTOKE. This continues Tokemak's drive towards sustainable emissions. As always, all emission adjustments will be announced in the Discord prior to going into effect.

As this is a fairly substantial change in the underlying logic of the reward system, we encourage you to have a look at the updated Gitbook docs [here](#) which includes relevant equations and a detailed overview.

Now, let's look at accTOKE!

accTOKE tl;dr

- The long-awaited accTOKE feature will go live this Wednesday, November 30th
- TOKE holders will now have the option to continue utilizing TOKE to direct liquidity, or to participate in Tokemak's weekly Cycle rewards through the accTOKE locking mechanism

- All rewards earned by accTOKE lockers originate from Tokemak's POA (Protocol Owned Assets) deployments
- On a weekly basis, rewards accrued by the POA deployments are claimable in WETH by accTOKE lockers
- The accTOKE mechanism allows TOKE to be locked for 2, 3, or 4 weekly Cycles, with an increasing reward multiplier based on the length of desired accTOKE lock
- Initially, there will be a cap on how much TOKE can enter the accTOKE system, and the cap will increase over a number of Cycles (more below)
- Current Liquidity Directors will have the ability to migrate their TOKE to the accTOKE feature if their TOKE is already staked to direct liquidity
- This coming Cycle (241) will begin accTOKE locking, with rewards starting to be earned in Cycle 242

Accretion

The 'acc' in 'accTOKE' was inspired by the term accretion

, which in astronomical context is defined as "the coming together and cohesion of matter under the influence of gravitation to form larger bodies."

In keeping with Tokemak's spacey, sci-fi, tokamak

-centric identity, this seemed a fitting descriptor for what's expected of the effects of the accTOKE mechanism. The gravitational convergence between the accTOKE mechanism and regular TOKE utilization of directing liquidity will serve to form a stronger base for optimizing TOKE's overall utility.

Actors that want to utilize TOKE for directing liquidity will ultimately have a stronger influence on that liquidity direction, and for those that want to harness the power of Tokemak's POA deployments will now have the opportunity to do that, creating a harmony between the two different action-oriented TOKE holders.

How accTOKE Works

TOKE holders can either select the locking option on the modal, or if they're currently LD'ing, choose to migrate their staked TOKE. accTOKE locking must occur prior to a Cycle's rollover to earn rewards from a given Cycle.

A modal will pop up allowing a user to choose the Cycle length which they're intending to lock.

Note: when you scroll down the modal, you'll notice some importing info, namely that unless a withdrawal request is submitted, at the end of the selected Cycle length, the TOKE will automatically renew the lock for the same amount of originally chosen Cycles.

After the desired lock time is chosen, you'll do a one-time wallet approval then a second lock transaction.

If a user stakes and locks more TOKE, their newly locked TOKE will extend the duration of TOKE they previously locked within accTOKE for the new lock period.

Example: User locks 1000 TOKE in Cycle 1 for 3 Cycles. Normally, their TOKE would be withdrawable on Cycle 4. They then lock another 1000 TOKE in Cycle 3 and select a new lock period of 3 Cycles. The user's 2000 TOKE will then become eligible for withdrawal (pending a request) in Cycle 6. The new lock applies to all TOKE currently locked in the system.

If you don't request a withdrawal from accTOKE, it will be automatically renewed at the end of a given lock up for the previously chosen duration.

Locking TOKE in the accTOKE mechanism does not return a 'receipt' ERC20 token, such as the tAssets from providing liquidity in a Token Reactor, so don't expect an accTOKE token in your wallet.

Rewards and accTOKE Cap Timeline

On a weekly basis, rewards which vary in amount and asset, are claimable in WETH by the accTOKE lockers. accTOKE lockers can claim rewards at the end of each Cycle, not solely at the end of their full lock time. Note: POA deployment rewards earned and claimable by accTOKE stakers are not related to Token Reactor deployments.

WETH Rewards Calculation:

accTOKE lockers' rewards will be calculated with the following logic:

POA deployment WETH Rewards = (Cycle Rewards in WETH / Total of all users' accTOKE power) * Individual user's

accTOKE power

Where

Individual user's accTOKE Power = TOKE Amount * Multiplier and the Multiplier is the number of cycles the user has locked TOKE for.

It's important to remember that not all POA rewards go to accTOKE lockers, some rewards will still accrue back to Tokemak's POA.

The schedule for accTOKE rewards from POA deployments is tentatively as follows:

- Cycle 241: 20% of POA rewards
- Cycle 242: 25% of POA rewards
- Cycle 243: 30% of POA rewards
- Cycle 244: 35% of POA rewards
- Cycle 245: 40% of POA rewards
- Cycle 246: 45% of POA rewards
- Cycle 247: 50% of POA rewards

After the above terminal rate reaches 50%, it is possible for the rate to be increased or decreased, depending on a number of factors, including governance. However, if the rate is to be modified, it will only be implemented after the current maximum lock Cycle completes.

The capped amount of TOKE that can be deposited into the accTOKE mechanism will follow a similar schedule increase:

- Cycle 241: 1,000,000 TOKE
- Cycle 242: 2,000,000 TOKE
- Cycle 243: 3,000,000 TOKE
- Cycle 244: 4,000,000 TOKE
- Cycle 245: 5,000,000 TOKE
- Cycle 246: 6,000,000 TOKE
- Cycle 247: Uncapped

At the start of Cycle 247, the cap for accTOKE will be removed.

Rewards can be claimable, if desired, at the end of any Cycle, not necessarily at the end of an accTOKE lock up period. The claiming function also offers the ability to unwrap the WETH at the same time (triggering an automatic second unwrap tx).

APRs will vary depending on a number of factors, including amount locked total, accTOKE capacity, and the previous Cycle's rewards in WETH.

The accTOKE audit, performed by [Halborn](#), can be found in our docs [here](#).

More to Come

This is an important step to continue Tokemak's growth, and there's a lot more on the horizon.

More questions? Stop by our Discord and be sure to check out our State of the Reactor community calls, which generally occur twice a month.

...or pop in for a beer in the Leaky.



Discord: <https://discord.com/invite/tokemak>

Website: <https://www.tokemak.xyz/>

Medium: <https://medium.com/tokemak>

Twitter: <https://twitter.com/tokenreactor>